China's Dec factory activity set to expand for second month

BEIJING: China's factory activity likely expanded again in December on stronger external demand and an infrastructure push at home, but the pace of growth is set to ease as markets await more certainty on a U.S.-China trade truce, a Reuters poll showed.

The official Purchasing Managers' Index (PMI) for December is expected to come in at 50.1, slightly above the 50-point mark that separates expansion from contraction on a monthly basis, according to the median forecasts of 27 economists. This would be notch below November's 50.2, which unexpectedly ended six straight months of contraction as Beijing's accelerated stimulus measures buoyed domestic demand. The recovery has been supported by a rebound in external demand, a pick-up in infrastructure investment, a still-resilient property market, and a moderate inventory restocking cycle propelled by improved growth expectations, analysts at China International Capital Corp (CIIC) said in a note.

The United States and China cooled their trade war earlier this month, announcing a "Phase one" agreement that reduces some U.S. tariffs in exchange for what U.S. officials said would be a big jump in Chinese purchases of American farm products and other goods. Zhang Deli, a macro analyst with Guangdong-based Lianxun Securities, noted that a weekly export container shipping index tracked by the Shanghai Shipping Exchange - the China Containerized Freight Index - rebounded sharply in December, pointing to improved export demand. But it remains unclear when and where the formal signing of a trade deal will take place, and no "Phase two" deal, which would involve tougher topics such as forced technology transfers to U.S. firms, is in sight.

Growth in China's industrial and retail sectors both beat expectations in November. A private business survey - the Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) - which analysts say focuses more on small- and medium-sized, export-driven Chinese firms - is also expected to show factory activity expanded in December. But it is also forecast to show slightly more subdued growth than the previous month at 51.7, down from 51.8 in November.

The economy could face bigger downward pressure next year, Premier Li Keqiang said this month, underlining Beijing's challenge to stabilize growth and support employment. A separate Reuters poll showed China's GDP growth is expected at 6.2per cent in 2019, slowing to 5.9per cent in 2020. After lowering its lending benchmark rate in November, China kept it unchanged in December, but markets widely expect further monetary easing in 2020. The central bank said it would use the loan prime rate (LPR) as a new benchmark for pricing existing floating-rate loans, paving the way for more rate cuts next year. Premier Li also stressed last week the need to lower funding costs for smaller firms, including by implementing more broad-based and targeted cuts in the amount of cash banks must deposit as reserves.

The annual Central Economic Work Conference, a closed-door gathering of top leaders and policymakers, concluded this month that China will keep economic policies stable but make them more effective in 2020.

Beijing plans to set a lower economic growth target of around 6per cent in 2020 from this year's 6per cent-6.5per cent, relying on increased state infrastructure spending to ward off a sharper slowdown, policy sources told Reuters. The official PMI and its sister survey on the services sector will be released on Tuesday. The Caixin manufacturing PMI will be published on Jan. 2 and the Caixin services PMI

JIANGSU: Workers direct a crane lifting ductile iron pipes for export.

The decade that saw volatility trading come of age

NEW YORK: What do you do when daily stock market gyrations all but dry up? Apparently, trade volatility like never before.

Among the myriad Wall Street legacies of the soon-ending 2010s has been the emergence of market volatility - or the magnitude of security price swings over short time spans - as an asset class unto itself. It is all the more notable against the backdrop of the decade's fairly persistent market calm.

The Cboe Volatility Index - nicknamed as 'Wall Street's fear index,' - is on track to end the decade at a level about a third lower than its lifetime average, according to Refinitiv data. With the S&P 500 Index nearly tripling since the end of 2009, the average level of the VIX this decade is the lowest of the three since it launched in the early 90s, even with a number of periodic spikes higher. Nonetheless, trading volatility, or "vol" in Wall Street parlance, came of age in a big way in the '10s.

While vol has been around for as long as markets have existed, as an asset class it had remained out of reach of the average investor. That changed over the last two decades. The launch of futures and options on the VIX in the mid-2000s led the way for the rollout of sophisticated exchange traded products (ETPs) near the end of that decade and provided everyday investors the first chance to trade vol on its own. A small legion of volatility-linked ETPs followed over the next 10 years. Some allowed investors to bet on stock gyrations rising, while others let traders bet on the opposite outcome.

With the launch of these ETPs, trading in volatility was no longer limited to the futures and options market, where it all began. Investors could finally place bets on volatility as easily as trading stocks. Investors plowed billions of dollars into both long and short volatility ETPs, with assets of select leveraged and inverse volatility ETPs hitting about US$4 billion by the end of 2017. Assets in top volatility-linked ETPs now stand at about US$3 billion.

While most of these products started out being used by institutional players as hedges, an extended period of stock market calm in 2016-2017 boosted the returns for some short volatility ETPs, including the VelocityShares Daily Inverse VIX Short Term ETN , attracting ever more speculative players. Yield-starved investors had stumbled upon what looked like the proverbial free lunch. In an environment where the VIX plunged to new lows, buying short volatility ETPs reaped gold.

Volatility selling became such a rage that analysts warned that the trade was creating a feedback loop where the more investors sold volatility the lower it slipped. That is until a sudden drop in the U.S. stock market in February 2018 wiped out most of the value of these ETPs and led to the collapse of some products, including XIV. As the decade ends, the volatility ETP landscape looks much more stable than it did in 2016-2017, even as interest in trading volatility looks here to stay. **—Reuters**

Singapore, NZ ratify upgraded economic accord which will come into force tomorrow

SINGAPORE: The upgraded Agreement between New Zealand and Singapore on a Closer Economic Partnership (ANZSCEP) has been ratified by both countries, the Ministry of Trade and Industry (MTI) said. The upgraded agreement will enter in to force tomorrow (Wednesday), 2020, the ministry added. Minister for Trade and Industry Chan Chun Sing said: "The swift ratification and entry-into-force of the upgraded ANZSCEP signals Singapore and New Zealand's commitment to upholding an open and rules-based trading system. "This modernised agreement will further reduce barriers to trade and enhance regulatory cooperation and e-commerce efforts, benefiting businesses from both our countries. I look forward to the deepening of economic relations between our countries." The ANZSCEP, which entered into force on Jan 1 2001, is Singapore's first and New Zealand's second bilateral Free Trade Agreement (FTA). Negotiations for the upgraded ANZSCEP were launched in June 2017 under the trade and economic pillar of the Singapore-New Zealand Enhanced Partnership, and the upgraded ANZSCEP was signed on May 17 this year. **—Agencies**

ISTANA: New Zealand Prime Minister Jacinda Ardern and his Singaporean counterpart Lee Hsien Loong at the joint press conference.

'Do not sell my info': US retailers rush to comply with California's new privacy law

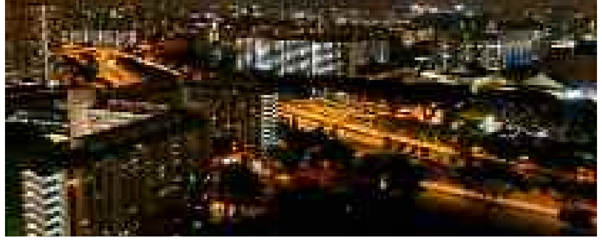
WASHINGTON: US retailers including Walmart will add "Do Not Sell My Info" links to their websites and signage in stores starting Jan 1, allowing California shoppers to understand for the first time what personal and other data the retailers collect, sources said.

Others like Home Depot will allow shoppers not just in California but around the country to access such information online. At its California stores, Home Depot will add signage, offer QR codes so shoppers can look up information using their mobile devices and train store employees to answer questions. Large US retailers are rushing to comply with a new law, the California Consumer Privacy Act (CCPA), which becomes effective at the start of 2020 and is one of the most significant regulations overseeing the data collection practices of US companies. It lets shoppers to opt out of allowing retailers and other companies to sell personal data to third parties. In addition to retailers, the law affects a broad swath of firms including social media platforms such as Facebook and Alphabet's Google, advertisers, app developers, mobile service providers and streaming TV services, and is likely to overhaul the way companies benefit from the use of personal information. The law follows Europe's controversial General Data Protection Regulation, which set a new standard for how companies collect, store and use personal data. The European law gave companies years to comply while CCPA has given them a few months.

Draft regulations around the law were only released in October. Retailers did not anticipate having to add signs in their stores, which are required by the regulations but were not part of the original statute, and it is not an effective use of dollars, said Nicholas Ahrens, a vice president at the Retail Industry Leaders Association, who leads their tech policy. A Walmart source with knowledge of the matter told Reuters the company is "working through a lot of ambiguities in the law, for example, the language around loyalty programs and if retail companies can offer them going forward." There is also lack of clarity on what constitutes "sale" of information, retail lobbyists and attorneys advising retailers said. Walmart spokesman Dan Toporek said the retailer supports efforts that gives customers control of their information. Home Depot spokeswoman Sara Gorman said the California law introduces new requirements but does not change the company's "deliberate approach to customer data and privacy." Target spokeswoman Jessica Carlson said a "Do Not Sell" button on its website, will be visible to all US shoppers and California residents will have access to information outlined under the new law. Target already allows its shoppers to opt out of sharing their information with third parties for marketing purposes, she said. Amazon.com Inc is taking a different approach. We do not plan to put a "Do not sell" button on our website because Amazon is not in the business of selling customers' personal data and it never has been," a company spokeswoman said in a statement. Amazon will launch a revised privacy notice and will review the final regulations to "understand what signage may be required to inform customers how to find the privacy notice" at its stores, the spokeswoman added. **—Agencies**

Electricity tariff to rise 3.5pc in January-March to hit five-year high

SINGAPORE: Household electricity tariffs will increase by an average of 3.5 per cent for January to March 2020, said utility SP Group on Monday to hit a five year high. The rise of 0.81 cent per kWh - bringing the tariff to 24.24 cents from 23.43 cents per kWh in the previous quarter - is due to higher cost of energy, added SP Group. electricity tariff trend 2020 Q1. This means families living in four-room HDB flats can expect their average monthly bill to go up by S$2.76. The latest tariff will be the highest rate since the October to December period in 2014, when it was at 25.28 cents per kWh. Electricity tariff had peaked in the July to September period of 2019, before falling by an average of 3.3 per cent in the last quarter of the year. SP Group reviews the electricity tariffs quarterly based on guidelines set by the Energy Market Authority, the electricity industry regulator. electricity tariff households 2020 Q1 City Gas said on Monday that gas tariffs for households will fall by 4.22 per cent or 0.76 cent per kilowatt hour from Jan 1 to Mar 31 next year. The difference between the electricity and town gas tariffs is mainly due to the different fuel types used and their prices moving in different directions, said a spokesman from the Energy Market Authority. **—Agencies**



US sanctions block hurry-up work on Russian gas pipeline: Officials

WASHINGTON: Any companies that rush to finish building a Russian natural gas export pipeline to Germany that came under U.S. sanctions this month risk being penalized, senior U.S. officials said.

President Donald Trump signed a bill late this month imposing sanctions on the Nord Stream 2 gas pipeline project led by Gazprom , Russia's state-controlled gas company. The project aims to send gas under the Baltic Sea, bypassing Ukraine and doubling the capacity of the existing line. The threat of sanctions blocking access to the U.S. financial system forced Allseas, a Swiss-Dutch company that lays deep-sea pipe, to suspend work on the project. All but a 100-mile (160-km) stretch remains to be completed.

That short distance and a 30-day "wind-down" period of work stipulated in sanctions, have led to speculation that the pipeline would be finished soon. But the senior U.S. officials, who spoke on condition of anonymity, rejected the notion that the "good-faith" wind-down period granted companies time to rush to finish Nord Stream 2. "Good faith wouldn't be hurrying up to lay pipe," one official said. "Sanctions will be imposed unless they demonstrate good-faith efforts," showing they are pulling out, another official said, adding that the point of the sanctions, spearheaded by Senator Ted Cruz, a Republican from energy-producing Texas, and Senator Jeanne Shaheen, a New Hampshire Democrat, is to stop the project. Since the Obama administration, Washington has opposed the project on the grounds it would strengthen Russian President Vladimir Putin's economic and political grip over Europe. Russia has cut deliveries of the fuel to Ukraine and other parts of Europe in recent winters during pricing disputes.

The Trump administration has touted U.S. liquefied natural gas as "freedom gas" that gives Europe an alternative to Russian supply. U.S. exports of natural gas spiked more than 60per cent in 2019, but there are also concerns that a glut could weaken demand. There is room for the Trump administration to determine what "good faith" means, but the wind-down period is meant to allow time for companies to straighten up financial arrangements and safely remove equipment, one official said. Despite U.S. sanctions, Russia says the pipeline will be finished. Energy Minister Alexander Novak said the pipeline was expected to be launched before the end of 2020, pushing back original estimates of a late 2019 completion. Russia may use a vessel currently docked at a far-eastern port to finish it, Novak said. **—Reuters**

City Gas prices to fall 4.2pc from January to March 2020

SINGAPORE: Gas tariffs for households will fall by 4.22 per cent or 0.76 cents per kilowatt hour (kWh) from Jan 1 to Mar 31 next year, City Gas said. This means that households will need to pay 17.23 cents per kWh, excluding Goods and Services Tax, down from 17.99 cents currently. The decrease is due to lower fuel costs compared with the previous quarter, City Gas said. Gas Tariff table Jan to Mar 2020 City Gas reviews the gas tariffs based on guidelines set by the Energy Market Authority, which has approved the gas tariffs for the three-month period. SP Group said on Monday that electricity tariffs will increase from Jan 1 to Mar 31 by 3.5 per cent, or 0.81 cents per kWh. This is due to higher energy cost compared with the previous quarter, it said. The difference between the electricity and town gas tariffs is mainly due to the different fuel types used and their prices moving in different directions, said a spokesman from the Energy Market Authority. **—Agencies**